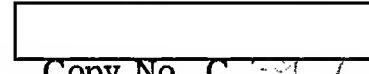


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24 September 1960



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CENTRAL

INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

24 September 1960

DAILY BRIEF



I. THE COMMUNIST BLOC

II. ASIA-AFRICA

South Korea: Prime Minister Chang Myon is stepping up dismissals of senior government, provincial, and police officials appointed during the Rhee administration. The dismissals, largely on grounds of corruption, are intended to win public confidence in the new government but will affect many competent officials--especially in important economic posts--whom South Korea can ill afford to sacrifice. It seems probable that there will be a similar "house cleaning" in the military, as well as a selective attack on businessmen and industrialists for tax evasion and political kickbacks.

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*Congo: Colonel Mobutu has begun to neutralize Lumumba's closest advisers; on 23 September he arrested leftist Deputy Premier Gizenga and Minister of Youth and Sports Mpolo. He has not yet moved directly against Lumumba, who is at home under protective UN guard. Ghana, Guinea, and the UAR continue to support Lumumba, and Ghana's President Nkrumah in New York has demanded that the UN exercise its functions in the Congo through a command structure set up by the independent African states.

The UN secretary general has reprimanded Belgium for permitting Belgian officers to command secessionist troops in Kasai Province, and has demanded immediate termination of this military assistance. [redacted]

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24 Sept 60

DAILY BRIEF

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Argentina: Economy Minister Alvaro Alsogaray, who arrives in Washington on 23 September, plans to seek some \$475,-000,000 from various US sources, a move which reflects the urgency which the government now attaches to positive steps toward economic development. Under the US-backed stabilization program initiated in January 1959, the Argentine peso has been stabilized and policies favoring free enterprise emphasized, but the program contributed to an 11.2-percent drop in industrial production and a 25-percent decline in real wages in 1959. Frondizi considers this trend a threat both to political stability and to Argentina's progress in establishing a sound economic structure.

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Large-scale Dismissal of South Korean Officials

South Korean Prime Minister Chang Myon, already faced with the renewed threat of defections from his loosely knit Democratic party, may disrupt government operations if he carries out a plan, announced on 28 September, for the large-scale dismissal of senior government, provincial, and police officials appointed during the Rhee administration. The purge, designed to win popular support for the new government by removing allegedly corrupt remnants of the old regime, probably will affect many competent officials whom South Korea can ill afford to sacrifice, especially in important economic posts.

Chang's action may be motivated in part by a desire to establish within the government an organization personally loyal to himself. Kim To-yon, Chang's erstwhile rival for the prime ministership and the nominal leader of the party's "old" faction, on 22 September announced his intention of withdrawing from the party. At the moment, the Democrats' 180 seats in the 233-member assembly are about evenly divided between Chang's supporters and the "old" faction.

The government will also probably undertake a "house cleaning" of high-ranking military officers accused of corruption or of delivering military votes to Rhee's Liberal party in the rigged elections last March. Senior officers currently under investigation include the chairman of the Joint Chiefs of Staff, the chief of naval operations, and the commanding generals of the First and Second Armies. Agitation by junior officers anxious for promotion appears to be a factor in both recent and projected changes in the top echelons. American military advisers are concerned that such changes will adversely affect the combat capability and discipline of the South Korean armed services.

The new government is also attempting to expose abuses in business operations under the old regime. Businessmen and industrialists found guilty of tax evasion and political kickbacks have been fined severely. Enforcement of these penalties could lead to bankruptcy for some leading enterprises.

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Situation in the Congo

Colonel Mobutu has started an effort to neutralize Lumumba's political support by removing two of the premier's closest advisers. On 23 September he arrested Lumumba's leftist deputy premier, Antoine Gizenga, and Maurice Mpolo, minister of youth and sports. Mobutu said both men were "in prison somewhere." Another source of leftist influence, Madame Blouin, has taken refuge in the Guinean Embassy. Mobutu reportedly had no immediate plans for action against Lumumba, who remained at his official residence under UN protective guard. According to the US army attaché, Mobutu might face serious trouble if the ill-disciplined and unarmed troops at Camp Leopold II seize arms and ammunition.

The African states of Ghana, Guinea, and the UAR continue to support Lumumba [and have been putting continuous and mounting pressures on Kasavubu and Ileo to reach a compromise with Lumumba. The American ambassador believes the move is inspired by Nkrumah, who clings to his aspirations for a Ghana-Guinea-Congo union as a steppingstone to the "Nkrumization of Africa."] On 23 September in New York the Ghanaian President demanded that the United Nations exercise its functions in the Congo through a unified African command with responsibility to the Security Council.

In New Delhi, President Touré of Guinea on 23 September stated that he supported Lumumba "without reservation" as the head of the Congolese Government. [President Nasir recently stated that the UAR supported Lumumba because he was the legitimate head of government and seemed most devoted to national unity; however, Nasir recognized Lumumba's complete lack of experience and limited abilities.]

Hammarskjold recently reprimanded Belgium for permitting Belgian officers--pretending to be French or British volunteers--to command the forces in Kasai Province which are supporting the effort of Albert Kalonji to establish an "autonomous state of South Kasai." The UN secretary general demanded that

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Brussels immediately take action to terminate this military assistance.

In neighboring Katanga Province 500 to 600 Belgian civilian technicians run Katanga's public administration, technical services, and court system. In addition about 150 Belgian officers and noncoms serve in the Katangan armed forces, but only the military adviser attached to President Tshombé wears a Belgian uniform. The government expects to have 2,000 trained and equipped men by the end of the year. The previous target of 3,000 is deemed unattainable because of the slow progress of reorganization.

There reportedly is a strong desire among Katangan soldiers for the rapid Africanization of the officer and noncom corps which may lead to a serious crisis in the army. The American Consulate in Elisabethville expects similar pressure to develop in all of the government services in Katanga.

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Argentina to Seek New US Loans

Argentine Economy Minister Alvaro Alsogaray, who is scheduled to arrive in Washington on 26 September to attend IMF and IBRD meetings, will seek some \$475,000,000 in new loans from US agencies, a move which reflects the urgency his government now gives to positive steps toward economic development. In sketching his plans for the American Embassy in Buenos Aires, he mentioned projects for highways, housing and rural resettlement, and airport improvements totaling \$375,000,000 as well as a loan of \$100,000,000 to be used in one or two years to ease Argentina's short-term debt burden. He emphasized the need to provide additional employment and give some encouragement to the Argentine people, who have borne the brunt of the US-backed stabilization program.

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Since the program began in January 1959, the peso has been stabilized and government policies have emphasized free enterprise, but industrial production declined 11.2 percent during 1959, and real wages have dropped about 25 percent. The psychological impact of the 25-percent rise in petroleum output has been lessened by nationalistic criticism of the participation by foreign companies in the oil industry.

The government, plagued by subversive agitation by the Communists and Peronistas as well as strong complaints from provincial governors, has promised that its program now will emphasize economic expansion. President Frondizi believes expansion is essential to combat latent--if not immediate--political threats to his administration, which faces crucial congressional elections in 1962, and to safeguard progress thus far toward re-establishing a sound economic structure.

There is also pressure among official circles to relate political cooperation with the United States to American economic cooperation, a tendency which was evident among members of the Argentine delegation at the recent Bogota economic conference but which is not shared by Alsogaray.

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